DOCUMENT RESUME

ED 445 706 JC 000 574

TITLE	The Institutional Relations Review, 1998.
INSTITUTION	Alaska State Commission on Postsecondary Education, Juneau.
PUB DATE	1998-00-00
NOTE	24p.; Published quarterly.
PUB TYPE	Collected Works - Serials (022) -- Reports - Descriptive (141)
JOURNAL CIT	Institutional Relations Review; Mar-Dec 1998
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Audits (Verification); Compliance (Legal); *Educational Finance; Educational Legislation; *Legislation; Postsecondary Education; *Student Costs; *Student Financial Aid; *Student Loan Programs
IDENTIFIERS	Alaska

ABSTRACT

The Alaska Commission on Postsecondary Education's (ACPE) Institutional Relations Review seeks to provide the postsecondary schools in Alaska with information that pertains to the daily involvement with the Alaska Student Loan Programs (ASLP), Institutional Authorization, Compliance Audit functions and other related subjects. Four issues were produced in 1998. Among the topics addressed in the March issue are over rewarding students, the meaning of "aggregate error" in the preliminary audit report, and institutional authorization fees. The June issue features articles on where refunds should be sent when students withdraw, increase in the GI bill, and the VA certifying officials workshop. The September issue features a number of non-audit questions that arose during the July 1998 collegiate compliance workshops and the answers to these questions. For example, can institutions indicate what term a check is for on the Check Disbursal Register or Record of Disbursement and Receipt? Unfortunately, that information is not available from the database in a format that can be added to the CDR. The December issue addresses leave of absence policies, half-time loans at collegiate institutions, and denial of loan application based on credit assessment. For ASLP students, good standing status requires that absences, either excused or unexcused, may not exceed 15% of the total contracted enrollment period. (JA)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 445 706

The Institutional Relations Review, 1998

Alaska Commission on Postsecondary Education

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

- This document has been reproduced as received from the person or organization originating it.
- Minor changes have been made to improve reproduction quality

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

P. Gulyas

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

JC 000 574

BEST COPY AVAILABLE

THE INSTITUTIONAL RELATIONS REVIEW

March 1998

VA Program Coordinator Attends Training

Mercedes Skan, Program Coordinator for the Alaska State Approving Agency recently attended the National Training Institute (NTI) for State Approving Agency (SAA) officials.

The training, conducted by the National Association of State Approving Agencies (NASAA), was held in Washington DC February 21-23. This training is held annually, usually in conjunction with the NASAA mid-winter or annual business meeting.

The NTI is an intensive three-day program covering site visits, catalog reviews, program approvals, office management and contract management. "One of these areas alone could have taken three days to cover in depth, so it was very condensed and intense. It was a great opportunity to learn from my colleagues and get new ideas," said Skan.

If you have any questions regarding your current SAA approval, or if you are interested in becoming approved for veterans educational benefits, please contact Mercedes. ✦

Survey Results Are In!

The Alaska State Approving Agency (SAA) has been in the planning stages to provide a workshop for certifying officials. In December 1997, the SAA sent surveys to all schools approved for veterans educational benefits, asking for suggestions on topics and date of training.

The SAA received 24 responses to the survey, with 54% indicating that June is the preferred month to conduct the training.

The Educational Liaison Representative, Ms. Terry Cahill, from the VA Regional Office in Muskogee, Oklahoma will be a co-presenter at the training. June fits well into her schedule and she anticipates traveling to Alaska during that month.

A few survey responses indicated that some people wanted to discuss Alaska Student Loan (ASL) issues. The SAA workshop will be dedicated to veteran's educational benefits only and will not be a forum to discuss ASL questions. The Division of Institutional Relations sponsors several separate workshops a year for that purpose.

The SAA anticipates finalizing the workshop date no later than the end of April 1998. Watch your mailboxes for updated information! If you have any questions, please do not hesitate to contact Mercedes Skan or Cheryl Johnston of the SAA at 907-269-7980. ✦

King Career Center Hosts Career Fair

The 20th annual Anchorage School District Career Fair was held February 18, 1998 at the Martin Luther King Career Center.

This was the 3rd year ACPE participated in the fair, providing information about the Alaska Student Loan Programs.

continued on page 2

IR STAFF

Mark Johnston, Director
(907) 269-7971
mjohnsto@educ.state.ak.us

Stephanie Butler,
IA Program Coordinator
Public Inquiry
(907) 269-7970
sbutler@educ.state.ak.us

Rebecca Nesheim,
Compliance Auditor
(907) 269-7975
rnesheim@educ.state.ak.us

Mercedes Skan,
SAA Program Coordinator
SFA Liaison
(907) 269-7973/7980
mskan@educ.state.ak.us

Cheryl Johnston, Secretary
(907) 269-7980
cjohnsto@educ.state.ak.us

Juliana Clopton, Secretary
(907) 269-7970
jclopton@educ.state.ak.us

AUDIT CORNER

What is an Aggregate Error?

At our last proprietary/vocational compliance workshop a school owner questioned the meaning of the following phrase from a preliminary audit report:

Based on the actual testing, in some instances multiple combinations of findings occurred for individual borrowers, but the explanation below will strive to explain the details separately. When the Compliance Report is written, ***the information may be presented in aggregate.***

Basically, what does "***presented in aggregate***" mean? ACPE compliance audits review loan disbursements for many different variables. For this reason it is possible a single disbursement might have several errors, such as: held longer than 60 days, school administrator and student did not sign the Record of Disbursement and Receipt (RD&R), and the student did not meet the school's academic good standing requirements.

The preliminary report will list and explain each of these errors individually. However, when the auditor calculates the school's error rate each disbursement can only be counted as an error once. An example of error rate calculations would be performed as follows:

Truck Driving Academy

Sample Population: Five students

Total disbursements: Two disbursements per student = 10 disbursements

continued

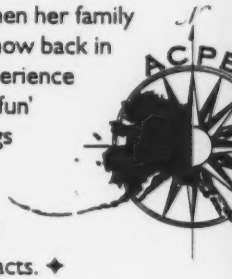
continued from front page King Career Center Hosts College Fair

The fair is an opportunity to enlighten and expose students to many career options and gives agencies and businesses an opportunity to promote themselves. Approximately 1,000 Junior and Senior students, as well as other community members attend the fair.

The fair is a wonderful venue for postsecondary schools around the state to have contact with potential students. ✦

ACPE Welcomes New Secretary

You may have encountered a new voice when calling the Institutional Relations office. Ms. Juliana Clopton has joined the team as the new support staff for the Institutional Authorization and Audit divisions.



Born in Oklahoma, Juliana spent 25 years in Anchorage when her family relocated here. She briefly returned to Oklahoma, and is now back in Alaska to stay. Juliana brings with her a wide variety of experience ranging from a recent job as a legal secretary to a 'just for fun' summer job as a roustabout in Prudhoe Bay. She also brings considerable administrative and computer skills to the position.

Juliana is eager to get to know all the aspects of ACPE and become familiar with all of the postsecondary school contacts. ✦

Complaints...What Happens Next?

Oh, those ominous words... "It's Lisa Pettit from the Postsecondary Commission on the phone." As nice as she is, many school owners and directors have felt the heart-sinking dread associated with her phone calls.

One of Lisa's duties with the Commission is handling grievances lodged by students, former employees, and customers against postsecondary schools, primarily in Alaska but in other states, too.

ACPE does not assume all allegations are true and proceed to punish the school. It means that, under Alaska Statute 14.48.130(a) and (b), the Commission has the authority and the obligation to impartially investigate the complaint to determine three things: 1) if the allegations would constitute violations of statutes or regulations if proven true; 2) if there is any validity to the allegations; and 3) a reasonable course of action to bring the school into compliance, if the evidence indicates that the allegations are true.

Often, complaints are first received verbally – the student calls or walks into Lisa's office. In most cases, the student is referred back to the school to follow the school's established grievance procedure to allow the school the opportunity to resolve the problem internally. Often, that is the last we hear from the student.

Sometimes, the student goes through the school's grievance procedure and still feels no resolution was reached. Or the student feels strongly that he can't speak to the school himself, either because the process intimidates him or because he feels it won't work. In these cases, communication has often deteriorated to the point that someone outside of the problem is necessary to provide an objective viewpoint. That's when you may get a call from Lisa. If all goes well, communication is restored and the complaint is resolved.

If it is not possible to resolve the grievance informally, complainants must file a formal (written) complaint for further action. Once the complainant files a formal complaint, the Commission must respond in writing to the complainant.

 continued on page 3

continued from page 2 Complaints....

If it has been over six months since the student attended, the student is advised that regulations specify that the complaint can be filed for the record, but no action will be taken on the student's behalf. If it is more appropriate another agency handle the complaint, such as the Human Rights Commission or another licensing entity, the complainant may be referred to that agency for assistance. If the allegations are clearly not under the scope of the Commission's regulations, the student will be so notified.

The type, number, and seriousness of the allegations determine the type of review and/or investigation. A relatively uncomplicated allegation could require a simple review of the file to prove or disprove the claims. A very serious allegation or pattern of complaints could require review of school records; interviews with school staff, current or former students, or experts in the field; unannounced site visits; and collaboration with another agency to ascertain the validity of the allegations. It's important to note that even without a formal complaint from a student, an investigation may be launched by the Commission on its own motion or by the attorney general, if there is cause to believe a school is not complying with statute and regulations.

Upon conclusion of the complaint review or investigation, a letter will be sent to the complainant and the school to inform all involved of the findings and determination of the Commission staff.

If an allegation is shown to be true during this investigative stage, the Commission staff will take steps to ensure the area of non-compliance is corrected. This may be a recommendation to change procedures or policy, or, if students have been harmed by a school practice, Commission staff may recommend partial or full refunds to the students involved as a resolution to the grievance. Commission staff may also recommend civil fines or penalties. If the school disagrees with the findings or resolution, the school may file an appeal with the Executive Director. The Commission may file an accusation against the school if the situation warrants such action. It is at this stage that the hearing process required under the Administrative Procedures Act would be initiated, as described in AS 14.48.130(b) and (c).

The majority of schools in Alaska want to provide the best training and service possible to their students. Although we understand the frustration and worry when a complaint is filed against your school, complaints can be an opportunity to improve your program, procedures, or customer service if approached constructively. ✦

Audits Today and Tomorrow

As many of you know, the audit group has undergone significant changes during the last year. These changes have included the addition of new staff members, establishment of improved channels of communication, and a reengineering of the audit process.

We have tried to develop an audit that is time efficient and produces meaningful results. We started with four goals:

- Obtain a consistent and quality product
- Communicate what we expected of participating schools
- Increase productivity to enable our staff to audit Alaskan schools on a two-year cycle
- Expand our focus to include the audit of out-of-state schools

AUDIT CORNER continued

Errors found: 1 disbursement with three errors (held over 60 days, student academically ineligible, student did not sign RD&R)

School's Error Rate = 1 error /10 disbursements = 10%

XYZ University

Sample Population: Five students

Total disbursements: Two disbursements per student = 10 disbursements

Errors found: 5 disbursements with the same error (student academically ineligible)

School's Error Rate = 5 errors/10 disbursements = 50% ✦

When is a Student Overawarded?

Recent audits have disclosed an increasing problem of students, who are overawarded, receiving disbursements of the excess funds. As discussed in previous compliance workshops, the Alaska Student Loan Program funds may only be used for specific costs detailed in statute.

Alaska Statute 14.43.120(a) states proceeds from a scholarship loan to a full-time student may only be used for books, tuition, required fees, loan origination fees, and room and board. Proceeds from a scholarship loan to a half-time student may only be used for books, tuition, required fees, and loan origination fees.

If a student's financial aid exceeds the actual cost to attend the school, the student is overawarded and the school must return the excess funds to ACPE. The school's budget should be

continued

AUDIT CORNER continued

compared with the student's financial aid package to determine if he/she is overawarded. If the student receives other financial aid, such as federal funds or scholarships that allow for personal expenses and transportation, those costs can be included to determine if the student is overawarded.

Ask the following questions to determine if a student is overawarded:

1. Is the student full-time and receiving **only ASL**? Allowable costs are tuition, fees, books, room, and board (costs should be based on the school's budget).
2. Is the student full-time and receiving multiple sources of financial aid? Allowable costs are tuition, books, fees, room, board, personal and transportation (the amount of personal and transportation costs the student can receive are limited to his/her non-ASL funding).
3. Is the student half-time and receiving **only ASL**? Allowable costs are tuition, books, & fees.
4. Is the student half-time and receiving multiple sources of financial aid? Allowable costs are tuition, books, fees (the amount of room, board, personal, and transportation costs the student can receive is limited to his/her non-ASL funding).

Using ABC Tech's budget, the following are examples of overawarding situations:

continued

continued from page 3

Audits Today and Tomorrow

To achieve audit consistency, staff developed a procedure manual, including a structured audit plan, which increased the consistency of the work performed at each school. The development process required an examination of the forms, letters, and questionnaires we used to determine how they could be improved to streamline the school's audit experience.

In conjunction with the reengineered audit came the need to communicate to schools what we expected of them. The audit staff has conducted several compliance workshops and will continue these forums as a way to increase overall school compliance. December 1997 saw the inaugural issue of the "IR Review," which will be used to disseminate information on "hot topics" and issues of general interest. We have attempted to encourage open communication between audit staff and schools, whether to ask questions, obtain clarification, or just confirm that you were already doing it right. With this improved communication we hope to be able address issues before they become errors in your next audit.

The audit staff is making substantial progress toward reaching the goal of auditing all Alaskan schools on a two-year cycle. The increased frequency of audits allows staff to provide more on-site assistance and to prevent reoccurring errors from continuing unchecked for several years. A major factor in the pursuit of this goal has been our ability to decrease the overall amount of time spent conducting each audit. We have also improved the turnaround time required to send final reports to schools, so this knowledge can be put into practice quickly. Audit production was doubled in FY97 (33 audits), and we project it to nearly double again in FY98 (estimated 62 audits).

Included in our increased production is the resumption of out-of-state audits. It's been almost five years since we last audited an out-of-state school. It was not cost effective, due to the high travel costs, to continue conducting these audits. However, these schools represent approximately 50 percent of the total loans awarded since 1972. While this percentage has decreased somewhat in recent years, it still represents a significant area of concern. The question was how best to balance this concern with a desire to perform cost-effective work. In October 1997 we initiated a test program of desk audits. A desk audit allows our staff to cost-effectively audit out-of-state schools, with five to ten loans annually, that would not otherwise be audited. Although we have successfully completed seven desk audits, realistically this process will never allow staff to audit a significant portion of the total loans.

We have further expanded the out-of-state audits to include on-site visits. These on-site audits allow staff to concentrate on a small geographical area with several schools with a large number of loans. In February 1998, staff resumed on-site audits with a visit to Arizona. Within a two-week period we were able to audit seven schools representing 308 loans valued at $1.8 million. These combined approaches (desk and on-site audits) will result in the audit of 35 out-of-state schools annually. These schools will account for $4.8 million or approximately eight percent of the loans awarded.

We realize this plan is aggressive, but we believe our process and people will ensure success. ✦

Institutional Authorization Fees

New regulations to implement HB256, the recently enacted legislation governing institutional authorization, are in their final stages. The institutional authorization regulations implement HB256 by creating a fee schedule to offset the cost of regulating the postsecondary education industry and by clarifying circumstances when postsecondary education may be exempt from authorization. Additionally, the new regulations 1) amend institutional bonding requirements to increase the relationship between an institution's identified level of risk with its bonding level; 2) stipulate a process for orderly closure of an authorized institution; 3) define use of the term "accredited"; and 4) clarify when certain institutional records may not be considered public information.

ACPE Institutional Relations sponsored an Issues Workshop on November 19, 1997 so that members of the public affected by the new regulations could engage in informal discussion of their impact, as well as make Commissioners and ACPE staff aware of their questions or concerns. Three Commissioners and twelve members of the public, as well as ACPE staff, participated in the workshop. The workshop was continued by audioconference on December 3, 1997, and official public testimony was heard at both the December 11, 1997 Institutional Authorization Committee meeting and the December 12, 1997 Commission meeting.

Of particular interest to many workshop participants were the proposed new authorization fees. Staff research documented that Alaska currently has a very low fee schedule in comparison to other states. To meet the legislative mandate to move toward self-support, and to bring Alaska's fees in line with those of other states, the new fees were proposed. The new authorization fees do not fully cover the cost of this essential regulatory function, but they certainly take a major step toward meeting the legislative self-support mandate.

New authorization fees (per 20 AAC 17.055) are as follow:

New authorization:	$2500
Renewal authorization:	3% of the average of total annual tuition and fees receipts in the most recent authorization period, in an amount of at least $500, but no more than $2500
Site change or additional site visit:	$100
Initial agent's permit:	$100
Renewal agent's permit:	$100
Program amendment:	$100

The Commission will continue to waive the fees for a 501(c)(3) corporation with an annual enrollment of less than 30 students. Those institutions with authorization actions pending will not be required to pay the new fees if they have submitted completed application packets as of the date the new regulations take effect.

Questions regarding the new free structure? Contact Stephanie Butler at (907) 269-7970. ✦

AUDIT CORNER

continued

Tuition & Fees	$ 3,000
Books	700
Room & Board	4,000
Personal Expenses	1,500
Transportation	1,500
Total costs	$10,700

Student A is full-time and receives only ASL ($8,075). Based on the ASL allowable costs this student is overawarded by $375 ($8,075 – $7,700). ABC Tech must return $375 to ACPE.

Student B is full-time and receives ASL ($8,075), Stafford loans ($2,000), and scholarships ($625). Based on the ASL allowable costs this student is overawarded by $375 ($8,075 – $7,700), even though total financial aid ($10,700) is equal to the student's total cost. The student can only receive funds for personal and transportation costs equal to the federal funds and scholarships ($2,625). ABC Tech must return $375 to ACPE.

Student C is half-time and receives only ASL ($4,000). Based on the ASL allowable costs this student is overawarded by $300. ABC Tech must return $300 to ACPE.

Regulation 20 AAC 15.040(b) was repealed as of March 22, 1997, which allowed the loan to be used for supplies. Starting academic year 1998-1999, the loan may no longer be used for supplies as listed in the institution catalogs. All ACPE published documents will be consistent to reflect this.

If you ever have any questions in determining if a student is overawarded, please do not hesitate to contact a member of the audit staff for assistance. ✦

executive director

acpe structure

faqs

student aid

repayment

school directory

institutional relations

publications

external resources

site map

ACPE Joins the World Wide Web!

The Alaska Commission on Postsecondary Education now has a Web site!

After many months of planning and design, ACPE can be contacted at **www.state.ak.us/acpe**. The side navigational bar shows areas in which you can find out more information. If you have Internet access, please take a few moments to surf through our information and provide feedback. Email access is also available through the site.

School owners/administrators can also review student loan information through the Web site. Student disbursement and repayment information is available. First, enter through **Institutional Relations**, then, click on **School Access** (bottom of the page). There is a demonstration tool, a request for access option and a logon key. Unauthorized access to our system is a crime and will be prosecuted to the fullest extent provided by law.

We hope these additional tools will benefit students and schools alike.

ASKA COMMISSION ON POSTSECONDARY EDUCATION

Alaska Student Loan Corporation

Alaska Commission on Postsecondary Education
707 A Street, Suite 201
Anchorage, Alaska 99501

BEST COPY AVAILABLE

The IR Review is published quarterly. News, letters and articles should be directed to Mercedes Skan at (907) 465-7980 or mskan@educ.state.ak.us

THE INSTITUTIONAL REVIEW

June 1998

Alaska Student Loan Collegiate Compliance Workshop to be held

ACPE will host Collegiate School Compliance workshops in July.

Two workshops will be held for collegiate schools to accommodate people from different parts of the State. On July 16, one will be held in Anchorage at the ACPE Offices and on July 20, one will be held at the University of Alaska Southeast Campus in Juneau.

Information regarding these workshops will be mailed to all collegiate institutions during the week of June 22nd. If you have not received this information, please contact Rebecca Nesheim at (907) 269-7975, or via email at rnesheim@educ.state.ak.us

Changes in IR Division

Mr. Mark Johnston, Director of Institutional Relations resigned his position with ACPE effective June 19, 1998. Mark accepted a position with the Alaska Public Utilities Commission as the Chief of Finance.

While with ACPE, Mark fostered an environment of open communication between staff and public that will be missed. Recruitment is currently underway to fill this position.

The staff of Institutional Relations is happy to welcome **Brooke Loudon**. Brooke comes to us from UAA where she was administrative secretary at the Department of Languages. She brings over five years' general administrative experience to the position, as well as considerable specific experience performing support activities unique to postsecondary education. Brooke will be providing secretarial support to the Audit staff, Institutional Authorization and the Director of Institutional Relations.

Also new to ACPE is **Lori Zirkle**. Lori began June 16 as the Secretary for VA/ Liaison and Information Support Services. Prior to joining the ACPE team, Lori served as Operations Manager for an Anchorage brokerage firm. Coming from Seattle in 1989, Lori quickly became involved in the community and continues this today. She is a Notary Public and very active in Alaska Youth Soccer. A past volunteer with the Olympic Development Program, she served last year as State Administrator for the boy's soccer program.

Valerie Tangen also joined ACPE on June 22, 1998. After operating with one Compliance Auditor, ACPE has found Valerie to fill the vacancy. She is now a member of our audit team.

Spending 2 1/2 years in British Columbia, Valerie has returned to her home in Alaska. Valerie worked with Alaska State Legislative Audit from 1987-1995. She holds a Bachelor of Business Administration from the University of Alaska Southeast. She is also a Certified Public Accountant (CPA) and a Certified Information System auditor (CISA).

IR STAFF

Stephanie Butler,
IA Program Coordinator
Public Inquiry
(907) 269-7970
sbutler@educ.state.ak.us

Rebecca Nesheim,
Compliance Auditor
(907) 269-7975
rnesheim@educ.state.ak.us

Valerie Tangen,
Compliance Auditor
(907) 269-7974
vtangen@educ.state.ak.us

Mercedes Skan,
SAA Program Coordinator
SFA Liaison
(907) 269-7973/7980
mskan@educ.state.ak.us

Brooke Loudon, Secretary
Institutional Authorization/
Audit
(907) 269-7970
bloudon@educ.state.ak.us

Lori Zirkle, Secretary
VA/Liaison/Information
Support Services
(907) 269-7980
lzirkle@educ.state.ak.us

AUDIT CORNER

Where should Refunds be sent when student withdraws?

Recent audits have uncovered a problem regarding to whom any refunds should be sent when the student has totally withdrawn from a program.

For all authorized schools in Alaska, the regulation 20 AAC 17.115(e) requires that if a student who is eligible for a refund is a recipient of a student loan or grant provided under AS 14.43.090 – 14.43.790, the institution shall forward any refund payment to the commission within 30 days and so notify the student.

For all schools who are not authorized by the commission, but subject to the Program Participation Agreement (PPA), the school is required to comply with the PPA. The school must follow its written policy regarding refund priority, unless that priority gives preference to the student before ACPE. By signing the Application/Promissory Note, the borrower authorizes the school to pay any refund, up to the total disbursed loan amount, directly to the Commission within 30 days after the borrower's withdrawal.

For those students receiving Title IV funds, the federal policy takes precedent and the school may refund all federal funds before the Alaska Student Loan.

For example: a student receives the following financial aid to cover semester costs:

continued

VA Certifying Officials Workshop Held

On June 16, 1998, the VA Certifying Officials Workshop was held in Anchorage at the ACPE Offices.

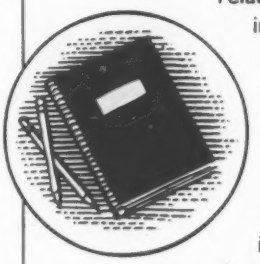
The Alaska State Approving Agency hosted the workshop. Ms. Terry Cahill, Education Liaison Representative from the VA Regional Office in Muskogee, Oklahoma, provided the focus of the workshop, which was the certifying officials' process.

Over 30 certifying officials from all types of training facilities attended the workshop. In addition, special guests were on hand to discuss VA Vocational Rehabilitation and provide a "live" demonstration of VA Electronic Certification.

If you would like to contact Ms. Cahill directly regarding certifying officials' issues, her phone number is (918) 687-2500. She can also be reached via email at adjtcahi@vba.va.gov. If you were unable to attend the workshop and would like handouts mailed to you, contact Mercedes Skan at the Alaska State Approving Agency at (907) 269-7973/7980 or at mskan@educ.state.ak.us

WASFAA Summer Institute

Institutional Relations staff members **Rebecca Nesheim** and **Stephanie Butler** attended the WASFAA Summer Institute, a week-long Title IV financial aid training program sponsored by the Western Association of Student Financial Aid Administrators. The Summer Institute, held this year at the University of San Diego, trains financial aid professionals in the appropriate management of federal financial aid funds, as well as provides an opportunity to establish networking relationships among lending agencies, regulatory agencies, and institutional financial aid representatives. Also attending from Alaska were representatives from the University of Alaska Statewide System, the University of Alaska Anchorage, and Charter College.



The Institute included both seminar and small group activities covering such topics as the history of student financial aid in the United States, formulas and procedures for calculating institutional costs of attendance, student eligibility and documentation, professional judgement, record-keeping, refund and reimbursement issues, and Bureau of Indian Affairs funding.

The information received will be particularly valuable in increasing our awareness of the differences between Title IV and ASLP funds management requirements, as well as in providing us with a sound knowledge base for use in suggesting and developing future procedural activities. We also had the opportunity to meet financial aid staff from many of the west coast universities who receive significant funding from the ASLP, and to establish face-to-face working relationships.

If anyone is interested in copies of handouts or slides from any of the sessions, please contact Institutional Relations.

GI Bill Sees Increase

On June 9, 1998, the President signed into law the Transportation Equity Act for the 21st Century, H.R. 2400.

The legislation increases the statutory monthly rates for the Montgomery GI Bill (MGIB), both the active duty and reserve portions, by 20 percent. Rates are effective October 1, 1998.

The full-time rate for MGIB-Active Duty (chapter 30) enrollees with three years service jumps from $439.85 to $528. For a full 36 months, the total amount goes from $15,834.60 to $19,008. The rate for those with two years service increases from $357.38 to $429. This translates to a total of $15,444 from $12,865.68.

Chapter 34/30 converters would see their rates increase to $716 monthly, up from $627.85, or a total of $25,776 versus $22,602.60.

For MGIB-Selected Reserve trainees (chapter 1606), monthly rates advance from $208.93 to $251, or a total of $9,036 from $7,521.48.

Institutional Authorization (IA) Committee and Commission Meet

On June 11 & 12 the IA Committee and Commission met for their quarterly meetings in Anchorage.

Actions at the IA Committee meeting included 7 Institution renewals (4 were approved, 2 were approved with conditions, and one was denied), 1 initial authorization approval, 1 exemption from authorization and 3 school program amendments.

The Commission meeting saw the election of a new chair and vice chair. Mr. Scott A. Sterling was elected as Chair of the Commission and Dr. Lydia L. Hays as Vice Chair. The following is a listing of current Commission and IA Committee members:

Commission Members

Mr. Scott A. Sterling, Chair
Dr. Lydia L. Hays, Vice Chair
Mr. Mark Begich
Lt. Col. Roger Behringer
Ms. Bobette Bush
Dr. Milton Byrd
Ms. Elsa Froehlich Demeksa
Ms. Mary Jane Fate
Ms. Rosa L. Foster
Dr. Alice Galvin
Ms. Rosanne M. Gilbert
Rep. Pete M. Kott
Mr. Greg Middag
Sen. Randy E. Phillips

IA Committee Members

Mr. Scott A. Sterling, Chair
Dr. Milton Byrd
Ms. Rosa L. Foster
Dr. Lydia L. Hays
Ms. Elsa Froehlich Demeksa

AUDIT CORNER

continued

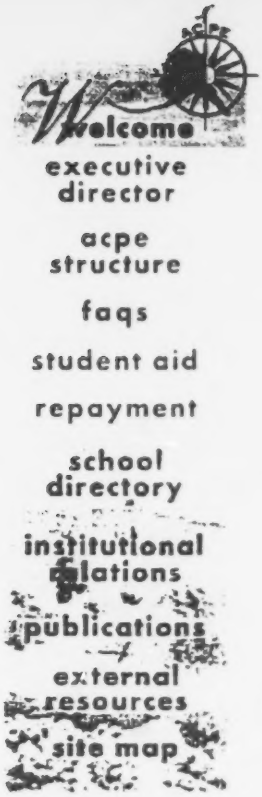
Federal Pell	$ 850.
Alaska Student Loan	$ 4,037.50
Institutional Grant	$ 1,000.

The school has a written policy with a priority of the three above items: Federal Pell, Institutional Grant, then Alaska Student Loan.

Student withdraws with a refund due from tuition, fees, and room and board of $2,500. The following funding agencies would receive the following refunds:

Federal Pell	$ 850.
Institutional Grant	$ 1,000.
Alaska Student Loan	$ 650.

The school will be responsible for reimbursing ACPE for any funds returned to the student if ASL funds were disbursed and not refunded properly.



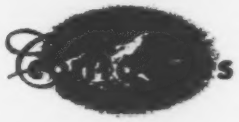
ACPE Joins the World Wide Web!

The Alaska Commission on Postsecondary Education now has a Web site!

After many months of planning and design, ACPE's Web site is live at **www.state.ak.us/acpe**. The side navigational bar shows areas in which you can find out more information. If you have Internet access, please take a few moments to surf through our information and provide feedback. Email access is also available through the site.

School owners/administrators can also review student loan information through the Web site. Student disbursement and repayment information is available. First, enter through **Institutional Relations**, then, click on **School Access** (bottom of the page). There is a demonstration tool, a request for access option and a logon key. Unauthorized access to our system is a crime and will be prosecuted to the fullest extent provided by law.

We hope these additional tools will benefit students and schools alike.



ALASKA COMMISSION ON POSTSECONDARY EDUCATION

Alaska Student Loan Corporation

Alaska Commission on Postsecondary Education
707 A Street, Suite 201
Anchorage, Alaska 99501

BEST COPY AVAILABLE

The IR Review is published quarterly. News, letters and articles should be directed to Mercedes Skan at (907) 465-7980 or mskan@educ.state.ak.us

THE

INSTITUTIONAL RELATIONS REVIEW

September 1998

BUTLER TO LEAD INSTITUTIONAL RELATIONS

With the departure of Mark Johnston, the Institutional Relations Division recruited for a new director to fill this vacancy.

Stephanie Butler of ACPE was chosen as the new Director of Institutional Relations. Stephanie's education, experience and skills are a perfect match to lead this division in a positive direction.

Stephanie encourages open communication and invites anyone to contact her with questions or concerns.

ANCHORAGE OFFICE AT FULL STAFF

Rob Conlon has recently joined the staff of the Anchorage office. Many know Rob as the Due Diligence Officer from the Juneau office. He recently made a change, and accepted the vacant Compliance Auditor position in the Institutional Relations Division in Anchorage.

Rob not only brings with him his knowledge of the student Alaska Student Loan processes, but has also worked in the postsecondary realm for over 5 years. Rob is no stranger to the Anchorage area, as he worked at Alaska Junior College in the early 1990's.

Rob received his undergraduate degree at Colorado State University and received his Masters in Business/Finance from Alaska Pacific University.

The staff of Institutional Relations is also happy to welcome Jo Anne Hayden as the new Program Coordinator for Institutional Authorization. She comes to us from the University of Alaska Anchorage where she was the Coordinator for Information and Registration Services.

Jo Anne received her BA degree from Alaska Methodist University in Anchorage. She began her career as an elementary school teacher in Nome, Alaska. She then returned to Anchorage and assumed a position as Registrar's Assistant at Alaska Pacific University. She quickly moved up into postsecondary management becoming the Assistant Registrar at APU.

Jo Anne brings over 16 years of postsecondary management experience with her to ACPE.

WORKSHOP SCHEDULED FOR OCTOBER

It is that time of the year again! On October 28, 1998 there will be a non-collegiate school compliance workshop held in the Anchorage office conference room. This workshop does not include flight schools. A separate event will be held for flight at a later date.

All non-collegiate schools have been sent an invitation to this workshop. If for some reason you did not receive one, please contact the Anchorage office and register!

IR STAFF

STEPHANIE BUTLER,
DIRECTOR
(907) 269-7970
sbutler@educ.state.ak.us

JO ANNE HAYDEN,
IA PROGRAM COORDINATOR
PUBLIC INQUIRY
(907) 269-7972
jhayden@educ.state.ak.us

REBECCA NESHEIM,
COMPLIANCE AUDITOR
(907) 269-7975
rnesheim@educ.state.ak.us

ROB CONLON,
COMPLIANCE AUDITOR
(907) 269-7981
rconlon@educ.state.ak.us

MERCEDES SKAN,
SAA PROGRAM COORDINATOR
SFA LIAISON
(907) 269-7973/7980
mskan@educ.state.ak.us

BROOKE LOUDON, SECRETARY
INSTITUTIONAL AUTHORIZATION/
AUDIT
(907) 269-7970
bloudon@educ.state.ak.us

LORI ZIRKLE, SECRETARY
VA/LIAISON/INFORMATION
SUPPORT SERVICES
(907) 269-7980
lzirkle@educ.state.ak.us

IA COMMITTEE/ COMMISSION MEET

The Alaska Commission on Postsecondary Education's fall quarter meeting took place on September 11, 1998, at the University of Alaska Fairbanks. The meeting followed formal sessions of the Institutional Authorization Committee, which met the day before, and the Alaska Student Loan Corporation meeting, which took place earlier in the day. Commissioner Scott Sterling chaired the Commission meeting.

The Commission welcomed a new member, Lt. Col. Roger Behringer, representing the State Board of Education. The Commissioners and ACPE's Executive Director presented their reports to the Commission, as did staff members of the Commission's management team.

The meeting included a number of special events, including informational presentations by Maj. Gen. Mark Hamilton, President, University of Alaska; Dewayne Matthews, Program Director, WICHE Student Exchange Programs; and Dr. Edna MacLean, Director, Ilisagvik College and the Consortium for Alaska Native Higher Education. Each speaker provided updated information on opportunities available to Alaska's postsecondary students and visions for future opportunities.

The Institutional Authorization Committee presented two action items, both of which were approved: the renewal of authorization for Ariel's Hair Design School, and a program amendment to offer a BA in Accounting Information Management for Alaska Pacific University. A number of authorization informational items were also presented and

continued

QUESTIONS? WE HAVE ANSWERS!

A number of non-audit questions arose during the July 1998 collegiate compliance workshops conducted in Anchorage and in Juneau. Because so many institutions seem interested in these questions, we're summarizing them, with responses, in this publication. As always, if you have any questions, please contact Institutional Relations.

Q. What information do schools need to provide when they return checks to ACPE? Is a cover letter necessary, and what should it say?

A. Schools are required to return warrants to ACPE in a number of occasions. The most common is they have held the warrant 60 calendar days from the date of issue or from the beginning of the term for which it was issued, which ever is later.

You have several options when returning a warrant to ACPE. You may return the warrants with the Check Disbursal Register, use a Return Warrant Form, or simply include a cover letter with the warrants. Regardless of what method you choose, it's important to include an explanation of why the warrant is being returned (student did not need it, student never enrolled, student withdrew from school, etc), and a last date of attendance, if applicable. ACPE uses this information to determine the student's loan repayment schedule.

Q. Can the list of students on the Check Disbursal Register (CDR) be printed in alpha order by students' last names?

A. We have experimented with this option, but the result is that the CDR is alpha-sorted and the accompanying warrants are not (they are always in SSN order), which is extremely confusing for the larger schools receiving many warrants. Operations staff is exploring to see what other options may be available. This issue will be eliminated, however, with the advent of electronic funds transfer (EFT) tentatively planned for the next year.

Q. Can we indicate what term a check is for on the CDR or Record of Disbursement and Receipt (RD&R)?

A. Unfortunately, that information is not available from the database in a format that can be added to the CDR. Operations staff discussed possibly numbering the warrants by semester, to make this information available to schools on the CDR. Project research is being done, and continued discussions will occur. In the meantime, institutional staff should contact ACPE if they have any questions about a warrant. This is another issue scheduled to be addressed with the advent of EFT.

Q. Can a statement be added to the Record of Disbursement and Receipt (RD&R) clarifying that the school has to sign, even if they are not returning the warrant to ACPE? Or can future forms be designed a little differently to make this more clear?

A. Yes, this is something we can do. Although this also is an issue that will be eliminated when EFT comes on-line, it is also a problem that we can address without significant diverting of resources from other areas. New RD&R forms are being developed, and we hope to have them available soon.

Q. How do we find out where and when Commission meetings are held?

A. Dates, times, and locations of the Commission meetings are published in ACPE's newsletter, **comments**, which is available from our web site at http://www.state.ak.us/acpe/, and in the **IR Review** which is sent quarterly to all Alaska postsecondary institutions. They are also published in announcements

continued

BEST COPY AVAILABLE

continued from page 2 Questions....

in the **Anchorage Daily News**, the **Fairbanks News Miner**, and the **Juneau Empire**. Agendas and detailed information about the meetings is available from Institutional Relations.

The Commission meets quarterly, generally in March, June, September and December. The March meeting is normally scheduled in Juneau, and the other meetings are normally scheduled in Anchorage, although they may occasionally be held elsewhere at the Commission's request. The next meeting is scheduled in December at the ACPE Anchorage offices.

Interested persons may participate in the meetings either in person or by audio conference. If you're interested in dialing in to the meeting, please call us here at the Anchorage office for a copy of the agenda and the bridge number.

Q. How do we give official input about changes we would like to see in the loan regulations?

A. Workshops to hear official public comment are scheduled whenever a change in statute or regulation is proposed. Last year, two such workshops were held, one primarily to discuss changes to Institutional Authorization regulations, and one primarily to discuss default rate calculation regulations. Because these workshops are forums for taking official testimony, official administrative procedures must be followed in advertising them. We thus not only send invitations directly to each Alaska authorized or ASLP institution, but also announce the meetings in the state's major newspapers and through the procedures required by state law.

All concerns brought to staff's attention are directed to the appropriate Commission contact. However, If you want your concerns or suggestions to become part of the official minutes of the Commission meetings, a time is set aside during the course of each Commission meeting for public testimony. Members of the public may give testimony either in person or via audio conference, and the testimony is transcribed to become part of the permanent meeting record.

Q. How do we get repayment schedules?

A. An easy-to-use repayment calculator is available on the ACPE web site, http://www.state.ak.us/acpe/. You do not have to be a borrower to use this calculator; you just need to know how much you plan to borrow, over what period, and what the interest rate will be. Plug in the numbers, and the system will display estimated repayment information. Repayment schedules are also mailed to all students who are about to finish their grace periods.

Q. Why can't we get default rates by academic year instead of calendar year?

A. ACPE publishes the rates per calendar year because that is the specified period for tracking. Per regulation 20 AAC 15.925(a), "Each year, commission staff shall calculate an institution's default rate under AS 14.43.120(d)(4) as of December 31 of the preceding year." Thus it is calendar year rates that the law requires both Commission staff and individual institutions with monitoring and controlling wherever possible. While it is certainly possible to have default rates calculated for other periods, such as academic years, the concern is that doing so would create a great deal of confusion for institutions (which default rate is the one that has to be tracked? which is the "real" one?) and would also divert limited

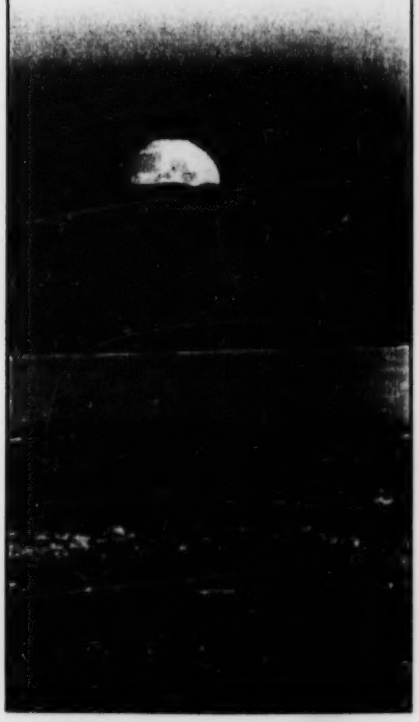
15 continued

IA MEET... continued

discussed. Institutional Authorization expects to have a very busy winter quarter schedule. Already on he December agenda are nine renewals, one initial authorization, and two program amendments.

Other items of business from the Commission meeting included the appointment and confirmation of new members or officers of the Executive Committee, the Institutional Authorization Committee, and the Internal Audit Committee. Before the meeting closed, both institutional representatives and students presented public testimony reference the items discussed at the meeting.

The next Commission meeting is scheduled for Friday, December 11, 1998, in Anchorage.

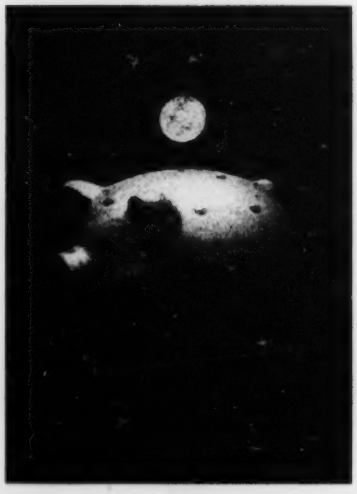


ALASKA STUDENT LOAN CORPORATION ENDS YEAR IN THE BLACK

As reported in a news release from the Governor's office, the Alaska Student Loan Corporation (ASLC) posted a modest net income this year, without state general fund assistance. Not since 1993, the last year of general fund appropriations to the corporation, has the ASLC ended the year in the black.

"Alaska's Student Loan Corporation is back on track and that is great news," said Mark Begich, Chairman of the ASLC Board. "After four years, the efforts of the Knowles Administration and the bipartisan support of legislators are finally paying off. We have turned an average annual deficit of $4 million to $300,000 to the good. This means more money available for loans, lower bond costs and lower interest rates on loans to Alaska Students."

The board also received good news in the analysis of the Corporation's June sale of $88.6 million in bonds. Favorable market conditions



continued

continued from page 3 Questions....

programming resources that might be better utilized expanding institutional access to information not currently available in any form.

Q. When does the default rate schedule come out? Can students get access to this info?

A. To calculate an institutional default rate, the Defaulted Principal Balance (DPB) is divided by the Advanced Principal Balance (APB). The DPB is the total principal balance of loans, made to attend your institution that entered repayment for the first time between the first and last day of a specific month during the cohort year. The APB is the total amount, awarded to attend your institution that entered repayment during the same period of time. The Defaulted Borrower by Institution Report (DFBIR) specifically identifies those ASL borrowers who were determined to be six months or more delinquent in payment at the end of the first year (12 months) of repayment.

ACPE is thus not able to calculate an institution's default rate until 12 full months have passed for each month included in the cohort period. The reason your school has just recently received the revised 1996 rates is due to the emergency regulations related to institutional default rates adopted at the March 13, 1998 Commission meeting. The implementation of these regulations necessitated a recalculation of institutional default rates. Within 60 days after December 31, 1998, we will provide for your review the 1997 DFBIR, reflecting ASL borrowers who entered repayment between January 1, 1997 and December 1, 1997.

Although default rates are not currently published in any document generally distributed to the public, it is public information that is available upon request. Students are well advised to consider an institution's ASLP and Federal (if a Title IV school) default rates in making their educational choices.

Interested persons may participate in the meetings either in person or by audio conference. If you're interested in dialing in to the meeting, please call us here at the Anchorage office for a copy of the agenda and the bridge number.

Q. Why can't loans be consolidated at the highest rate of interest, if students are willing to do this?

A. This is certainly possible, but there has not been enough student demand to justify diverting the necessary project resources from tasks currently assigned.

Q. Who is the contact for addressing exceptions to policy, such as an extension of the 60-day limit on holding warrants?

A. Exceptions to policy on holding warrants should be addressed to Sheryl Hales, Loan Servicing Officer, in Juneau. E-mail shales@educ.state.ak.us or call the Juneau customer service office. Another option is to e-mail, fax, or telephone any of the Institutional Relations staff in Anchorage.

Remember: Institutional Relations staff is available to answer questions or research information. We prefer to answer your policy or procedure questions via e-mail or fax, so that you have documentation for your files of this agency's response. To reach us in Anchorage, call 269-7970, fax 269-7991, or e-mail Director Stephanie Butler at sbutler@educ.state.ak.us, and Compliance Auditors Rebecca Nesheim and Rob Conlon at rnesheim@educ.state.ak.us or rconlon@educ.state.ak.us. We look forward to hearing from you.

TIDBITS FROM THE STATE APPROVING AGENCY

✔ Has your school printed a new catalog? Class schedules? Don't forget that to remain in compliance with the State Approving Agency (SAA), you must submit 3 copies of the catalog to the SAA each time a new one is published. It must include a statement stating "this catalog is true and correct in content and policy" and signed by a school official. This statement can be provided in many forms. Some schools submit it on school letterhead and signed by a school official; some place a label on the catalog with the statement and then sign the label; some make it permanent text in the catalog. Whichever way you decide is fine, as long as it is submitted!

✔ In the past, Institutes of Higher Learning (IHL) were provided the COIN TAR 300 report by the VA. This report listed those veterans (Chapter 30 only) with termination dates in the following month.

The report was designed to assist schools in reporting enrollment changes to the VA. However, a recent survey of schools indicated the report was of questionable value. As a result of this survey, the VA has discontinued the COIN TAR 300 report. However, it is important to remember that changes in enrollment must still be reported to the VA without delay [(38 CFR 21.4203(a)(1)].

✔ Certifying Officials: Did you know that the Western Region Roundup is available on-line? This is the VA newsletter dedicated to issues facing certifying officials. It can be found at www.va.gov/education/certify.htm. There is much more information at this web site, such as the ability to order VA forms. Please take a moment to browse around the site.

✔ It is coming soon! The Regional Processing Office in Muskogee is going toll free!! The original plan was to have the toll free number up and running by now, but there have been a few snags along the way. "888" service is anticipated before the end of the year! You will be informed the moment it is available.

✔ New Application for Educational Benefits forms (VA Form 22-1990) have been printed. The old forms (May 1994) may still be used until you receive the new supply. The SAA will be supplying all schools with the new forms as soon as they are received. Do you need any other forms? Please contact the SAA and we will be happy to supply you with what you need!

IN THE BLACK... continued

and increased buyer familiarity with the ASLC resulted in record-low interest rates, averaging 5.15%, the lowest in corporation history. $3.725 million of the bonds were sold in Alaska to Alaskans.

"The benefits of the cost savings will be shared by both the Corporation and the Alaska borrowers, which means Alaska students can look forward to lower loan costs next year," ASLC Executive Officer Diane Barrans said. "We estimate that the interest charged on loans for the 1999-2000 school year will be between .4 percent to .6 percent lower than the current year rate of 9 percent. On a loan of $8,500, that translates into approximate savings to the borrower of up to $600.

Since inception, the Alaska Student Loan Program has issued 251,531 loans totaling $1.023 billion. The Corporation's portfolio currently contains $552.8 million in loans in various lending statuses.

YEAR 2000 AND THE ASLP

Everyone is hearing the talk about the millenium roll over (Y2K). Stories are abundant, insisting that airplanes will fall out of the sky, the stock market will crash, and elevators will stop "in mid lift". Of course, we don't know if these things will happen or not, but ACPE is taking necessary steps to insure that the Alaska Student Loan Program software is Y2K compliant.

Kenneth Dodson, Director of Information Support Services, has indicated that the ASLP is right on track in the process of becoming compliant. "With 10 and 15 year repayment terms on the loans we issue, the loan software (HELMS) already has the ability to handle loans well past the 2000 mark. In addition to this testing, we are working closely with other State of Alaska systems to do our best to insure the rollover is as smooth as possible".

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
707 A STREET, SUITE 201
ANCHORAGE, ALASKA 99501

The IR Review is published quarterly. News, letters and articles should be directed to Mercedes Skan at (907) 269-7980 or mskan@educ.state.ak.us

THE INSTITUTIONAL REVIEW

December 1998

Watch Your Mail Boxes!!!
Default Management Workshop Scheduled in March

The audit staff of Institutional Relations is planning a DEFAULT MANAGEMENT WORKSHOP. The workshop will explain what default management is, how to get more information about default management strategies, and explain specific requirements in Alaska statutes and regulations. March 26, 1999 is the tentative woekshop date Invitations will be mailed to all Alaska schools, so watch your mailboxes!

Leave of Absence Policies

Many schools have recently asked questions about leave of absence policies: Are we required to have a leave of absence policy? What must be included in the policy? When is a leave of absence allowed? And do we have to allow leaves for all students?

For ASLP students, good standing status requires that absences, either excused or unexcused, may not exceed 15% of the total contracted enrollment period. A leave of absence is a period of time, formally agreed upon by the school and the student, during which the student is exempted from this requirement. Effectively, the formal leave of absence "stops the clock" for the period agreed upon on the leave form. Schools must notify the commission if a leave of absence will be more than 60 days so the students dates of attendance can be modified.

Alaska regulations governing authorized institutions include the following leave of absence requirements:

20 AAC 17.075(12), the catalog must state a policy and regulations pertaining to leave of absence.

20 AAC 17.110(b)(10), student records must include approved leave of absence forms signed by student and school official.

20 AAC 17.115(g)(2): an institution must have a written policy for refunding tuition, fees, and other charges if a student withdraws or otherwise fails to complete the course of study. The institution's refund policy must provide, at a minimum, that student refunds shall be computed from the last day of physical attendance.

20 AAC 17.115(g)(3): time spent on an approved leave of absence may not be considered time in attendance for the purposes of determining a refund.

The leave of absence policy developed by authorized institutions must be applied consistently to all students. The policy must also include a length of time, types of allowable leave, and affect on current enrollment. The leave of absence form should include at a minimum: the student and school official signature, start and end dates of the leave, new expected completion date if the leave affects the program end date, and the reason for the leave.

continued

IR STAFF

Stephanie Butler,
Director
(907) 269-7970
stephanie_butler@educ.state.ak.us

Jo Anne Hayden,
IA Program Coordinator
Public Inquiry
(907) 269-7972
joanne_hayden@educ.state.ak.us

Rebecca Nesheim,
Compliance Auditor
(907) 269-7975
rebecca_nesheim@educ.state.ak.us

Rob Conlon,
Compliance Auditor
(907) 269-7981
robert_conlon@educ.state.ak.us

Mercedes Angerman,
SAA Program Coordinator
SFA Liaison
(907) 269-7973/7980
mercedes_angerman@educ.state.ak.us

Brooke Loudon, Secretary
Institutional Authorization/
Audit
(907) 269-7970
brooke_loudon@educ.state.ak.us

Lori Zirkle, Secretary
VA/Liaison/Information
Support Services
(907) 269-7980
lori_zirkle@educ.state.ak.us

Winter Quarter 1998 Commission Meeting: 1999/00 ASLP Interest Rate Set at 8.3%

The Alaska Commission on Postsecondary Education conducted its winter quarter meeting on December 11, 1998, at the Commission's Anchorage offices. The meeting followed formal sessions of the Institutional Authorization Committee and the Internal Audit Committee, both of which met the previous day.

A key action item decided upon at the Commission meeting included approving the proposed 1999/00 ASLP interest rate of 8.3%. Other action items following adoption of the agenda and approval of the last meeting's minutes were:

- ✔ approval of a proposed change to the Commission bylaws, establishing an Internal Audit Committee and the responsibilities of that committee;
- ✔ approval of the recommendations of the Institutional Authorization Committee:
- ✔ approval to publish proposed regulations to implement SB193 and HB 407 (WWAMI Medical Education Program regulations) for public comment; and
- ✔ approval of proposed meeting dates and locations for the spring and summer quarters.

The Institutional Authorization Committee presented nine renewal applications, eight of which were approved (Alaska Technical Center, Career Academy, Double Header Beauty-Barber Training Center, Nautical Training Specialists, New Frontier Vocational-Technical Center, School of Integrating Shiatsu, SERRC-Alaska Vocational Institute,

continued

continued from front page Leave of Absence...

For ASL schools using leaves of absence, the following also applies:

- An ASL student must be in academic good standing and full-time (or half time) at the time of the leave.
- Loan funds may not be released to an ASL student who is on a leave of absence.
- A leave of absence will be defined as an extended period of time (more than two days), and clearly different from other types of absence, either excused or unexcused.

If the student fails to return after the leave of absence, the school must calculate a refund based upon the last date of attendance and the leave of absence will not be considered time in attendance.

As always, be sure and call Institutional Relations whenever you have a question. We'll be glad to hear from you.

Half-time Loans at Collegiate Institutions

A number of schools have requested clarification of ACPE's policy for half-time loans, and how schools should apply that policy. Here's the scoop:

A student applies for and is awarded the amount of loan to cover the credits he/she expects to enroll in for an academic year. The award is per credit charged at the schools, so in most circumstances, the institution can determine the number of credits the student applied for based upon the amount of the loan. In accordance with AS 14.43.120(a), the loan is allowed for books, tuition, required fees, and loan origination fees.

At the time of disbursement, the school certifies the student is:

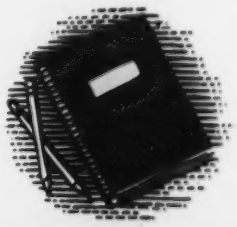
1. In a degree or certificate program
2. Enrolled in at least six credits
3. In academic good standing and
4. Not receiving loan amounts in excess of tuition, fees, and books

The student certifies:

1. Receipt of the warrant
2. The commission will be notified of any changes in name, address, residency, full-time or half-time status
3. He/she is attending half-time and is in academic good standing and
4. He/she is will use the loan only for tuition, fees, and books

The school must maintain a budget for half-time students. When the student is disbursed the loan warrant, the school must ensure the student is not over-awarded. This means if the warrant amount is above the cost of attendance at the time of disbursement (tuition, fees, and books), the excess must be returned to ACPE.

If you have any questions please contact a member of the ACPE audit staff.



Loan Application Denied Based on Credit Assessment? Here's What Happens.....

Applicants denied loans under 20 AAC 15.940(g) receive the following letter and "Questions & Answers" handout. The letter advises applicants of the denial and their rights under the Fair Credit Reporting Act. It also includes information on other options to finance educational costs, as well as instructions on how to appeal the denial of loan eligibility if the applicant believes the denial was made in error.

The Q&A handout provides information that students commonly find useful in determining their next step after receiving notice of denial, and also advises students to consult with the financial aid office at their school of choice to learn about any other options which may be available.

Dear ASL Applicant:

This letter is in response to your recent application. Alaska Statutes require that applicants for these programs be considered creditworthy as a condition of borrowing. Your 1998-99 application has been denied for any one of the following reasons:

- Foreclosure on collateral of a debt
- Execution procedures initiated on an unpaid debt
- Judgement entered that accelerates the amount due of a debt
- Collection procedures initiated on a debt
- Charge-off of a loan due to nonpayment
- Lien for delinquent taxes unsatisfied
- Eviction from rental or leased housing due to nonpayment
- Checks returned for insufficient funds on 3 or more separate occasions
- Two or more accounts that are currently 3 months or more in arrears

A borrower must not have a credit history that demonstrates chronic inability or unwillingness to pay an extension of credit. The denial of your application was based on information we received from the following credit reporting agency (CRA):

Credit Bureau of Alaska
P.O. Box 93110
Anchorage, AK 99509-3110
(907) 279-5689

A CRA serves only to provide this agency with loan applicant credit information and does not make the decision nor will it be able to identify the specific item(s) that resulted in the denial of your application. You do have the right under the federal Fair Credit Reporting Act (FCRA) to obtain a disclosure of the nature of the information that was used in the adverse decision by making a written request to the CRA. Your request for a free disclosure of this information must be submitted to the CRA within 60 days of this notification. When contacting the CRA, you must provide the following information:

- ✔ Full name, including suffix (Sr., Jr., II, etc)
- ✔ Social security number
- ✔ Other names (maiden, etc.)
- ✔ Last five years' addresses with ZIP codes

21

continued

continued

WINTER QUARTER...

and Take Flight Alaska). There were no initial applications for authorization considered at this meeting. The Committee also presented three program amendments, all of which were approved. The Center for Employment Education received approval to offer a heavy equipment program in Palmer, Sheldon Jackson College received approval of two new fisheries programs, and Ariel's Hair Design School received approval of a new site.

Other non-action items of business for the Commission included presentation of the Executive Director's and the Management Team reports, presentation of the Department of Law report, public testimony, presentation of Commissioner reports, and general updates.

The next Commission meeting is scheduled for March in Juneau. The public is welcome to attend either in person or via audioconference. The summer meeting is scheduled for June in Anchorage.

Tidbits from the State Approving Agency

- It is finally a reality! The Dept. of Veteran's Affairs Regional Office in Muskogee Oklahoma has gone toll free! The toll free number is 1-888-GI-BILL-1 (1-888-442-4551). This number gives education claimants access 24 hours a day, 7 days a week to an automated system that provides a wide range of information about education benefits and specific information about their benefits accounts.
- Public Law 105-368 signed by the President on November 11, 1998, changes the manner in which VA pays reporting fees to schools. Previous law required VA to pay, once a year, educational institutions a "reporting fee" to cover, in part, costs associated with the reports the institutions must submit on enrolled veterans. VA based the fee on the number of veterans enrolled on October 31st of the year. The new law effective January 1, 1999, requires VA to base the reporting fees on the number of veterans who enroll in a school during the entire calendar year. The first payment under the new method will be issued in January 2000.
- The AACRAO Manual has been updated! This manual is an excellent resource for Certifying Officials and you are all encouraged to review it. The new AACRAO Manual can be found on line at **www.va.gov/education** and then follow the AACRAO link. If you do not have internet access, please contact Mercedes Angerman at the State Approving Agency to receive a hard copy.

continued from page 3 Loan Application Denied...

- ✔ Date of birth
- ✔ A copy of this letter

You have the right under the FCRA to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA. A summary of your rights under the FCRA is attached for your convenience.

You may, at any time, reapply for an Alaska Student Loan with a creditworthy cosigner. Attached to your original application packet was a cosigner form that must now be completed and returned with the enclosed original application (with the cosigner added as signatory on the promissory note). Alternatively, if you identify erroneous negative indicators on your credit history, you may either resolve those discrepancies through the credit agency or submit that corrective documentation directly to this agency. At that time, you may resubmit your application for reconsideration.

If you choose not to reapply with a creditworthy cosigner, you may want to consider these options to finance your education: applying for federal loans (the toll free number is (800) 4-FED-AID or (800) 433-3243), applying for scholarships or grants, securing part-time employment or taking fewer credits each term.

This determination is based on the requirements of the Alaska Statutes. You may reapply if or when you meet the requirements outlined. If you believe this decision is in error, you must notify this office within 30 days from the date of this letter. In accordance with Alaska Student Loan Program statute AS.14.43.125(a) and regulation 20 AAC 15.915 you have the option to appeal denial of loan eligibility through the Executive Director. Your written appeal must clearly state your objection to the denial of your loan and you are obligated to prove by a preponderance of evidence that you are entitled to the loan under the statutes and regulations governing the Alaska Student Loan Program. The Executive Director's determination may be appealed to the Alaska Commission on Postsecondary Education.

Sincerely,

Alaska Student Loan Office

Following are common questions and answers about the Alaska Student Loan Program's requirements for credit eligibility.

Q. The Alaska Student Loan has been given out to any Alaska applicant for years and all of a sudden the credit assessment is required. Why the sudden change?

A. The new requirement really wasn't a sudden change. The legislation authorizing credit reviews and co-signers passed in 1997, and the Commission spent several months developing the necessary regulations before starting the credit review in April 1998. The topic of credit assessment has been an issue for a number of years in public forums, and at numerous commission meetings. A credit review became necessary after years of high default rates put the future of the loan program in jeopardy. Simply put, the program was lending $10-$15 million a year that was not being repaid. The options were to either increase interest rates on the loans so that other borrowers paid more to make up the losses or use an effective means to reduce the loss.

Q. Last year I received an Alaska Student Loan without any problem, but my 1998-99 loan application was denied based on my credit history. My credit

continued from page 3

Loan Application Denied...

history isn't any different than last year, so why was my new application rejected?

A. 1997-98 applicants who applied before April 1998 did not have their credit history reviewed. Revised 1997-98 applications processed after April were approved even if a poor credit history existed because the Commission did not intend to reverse any loans that had previously been awarded.

Q. I had a couple of collection accounts that I have since paid in full but I still do not qualify for an Alaska Student Loan without a cosigner. Why?

A. In order for a person to "cure" their credit history for Alaska Student Loan purposes, their credit history has to show a pattern of good credit behavior for the length of time specified in regulation.

Q. The letter of denial I received does not specify the reason my loan was rejected. How do I find out the specifics, and what if the report is incorrect?

A. An applicant's credit assessment is an automated process and, for privacy reasons, copies of credit reports are not maintained on-line for general review by agency staff. An applicant is advised to directly contact the Credit Reporting Agency to receive a FREE copy of their credit report and, if it is erroneous, have it corrected at the source. By reviewing the report and the criteria in the denial letter, the person can identify the credit items, which may have resulted in their denial.

Q. What if the problem is something like bounced checks that was the result of a bank error and not mine?

A. If the negative information is reported erroneously, or, in the case of "bad" check writing, is the fault of a banking institution, we prefer that the applicant resolve the discrepancy through the Credit Reporting Agency; however, an appeal can also be submitted to staff if the appropriate documentation is attached (for example, a bank official verifying their error).

Q. What financial aid options are available to me if I am denied a loan and can't find a creditworthy cosigner?

A. You should consult with the Financial Aid Officer at the institution you plan to attend to determine your best options for financial aid. You may qualify for federal aid programs, including Pell Grants, Stafford Loans, and the Federal Family Education Loan Program, regardless of your credit history.

Q. Must a cosigner meet the same Alaska Student Loan eligibility requirements as the borrower?

A. The cosigner does not have to meet the one-year Alaska residency requirement, but must meet the same creditworthy criteria as a borrower, including not having defaulted on an Alaska Student Loan.

Q. Does the cosigner assume responsibility for my loan if I die prior to paying my balance in full?

A. Yes, the cosigner assumes full responsibility for the loan in the case of your death, or at any time the loan becomes more than 30 days past due.

Q. What do I do if my credit history is technically accurate but is bad only as a result of a catastrophic event that was beyond my control?

A. Alaska Statute does provide relief if an applicant has defaulted on a debt due to extraordinary circumstances and can document to the Commission that he/she has made good faith efforts to repay. An example might be that a person is the victim of fire, flood, etc. that is unanticipated and catastrophic. The applicant would need to provide documentation for the record that 1) until the event,

New School Access to ACPE Web Site

A new option to view "Student Application Info" has been added to our School Access Page on the ACPE Web site. This option will allow schools that have Web access to view pending and denied applications for program years 1998 and greater.

This has been implemented to assist schools in their Alaska Student Loan tracking processes. This site is located at: www.state.ak.us/acpe/iraccess/instacc.html

continued from page 3 Loan Application Denied...

their credit record was good; and 2) that the event had been financially devastating (no insurance or under-insured, etc.).

Q. How long does the appeal process take?

A. ***If*** the appeal contains all necessary documentation, the executive director generally makes a determination within ten business days. Delays in providing documentation supporting the appeal will result in a delayed response because an appeal is not considered complete while awaiting additional information.

Q. What if my appeal to the executive director is denied?

A. Program regulations state that an applicant's final appeal stage for appealing denial of loan eligibility is to the Commission. The appeal of the executive director's decision must be made within 30 days of denial and will be heard by the Commission at its next quarterly meeting. The Commission's decision on the appeal is final.

IR Review

Alaska Commission on Postsecondary Education
707 A Street, Suite 201
Anchorage, Alaska 99501

The IR Review is published quarterly. News, letters and articles should be directed to Mercedes Angerman at (907) 269-7980 or mercedes_angerman@educ.state.ak.us